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**CA-
AGENDA NO. #886**

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**WATER DIVISION
Water Advisory Branch**

**RESOLUTION NO. W-4344
August 8, 2002**

R E S O L U T I O N

**(RES. W-4344), PENNGROVE WATER COMPANY,
PENNGROVE DISTRICT (PD). ORDER AUTHORIZING AN
OFFSET RATE INCREASE OF \$2,830 OR 0.8% ADDITIONAL
REVENUE.**

SUMMARY

By Advice Letter No. 49, filed May 28, 2002, PWC seeks revision of tariff Schedule P-1, Metered Service, to provide an increase in rates to reflect an offset in operating costs. This resolution authorizes PD to increase rates by \$2,830 or 0.8% to offset additional purchased water expenses from the Sonoma County Water Agency (SCWA). The offset increase will not result in a rate of return greater than last authorized for PD.

BACKGROUND

PD requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to increase rates in order to offset an increase of \$2,830 in costs for purchased water. PD purchases water from SCWA.

The present rates for Schedule P-1 became effective September 20, 2001, pursuant to Advice Letter No. 48, which authorized increased water rates for service of \$12,420 or 3.4% for the entire Penngrove Water Company's service territory for a Consumer Price Index increase, pursuant to Commission Decision 92-03-093. PD serves about 474 metered customers in the unincorporated area known as Penngrove in Sonoma County.

DISCUSSION

On April 16, 2002, the SCWA Board of Directors passed Res. No. 02-0388 increasing rates and charges for water service to its customers effective

July 1, 2002. The increase results in a \$2,830 increase in purchased water cost for PD.

The increase in SCWA's purchased water cost is directly related to water consumption, therefore, the associated increase for PD shall be applied to the quantity rates. In order to recover the higher cost, PD will increase its quantity charge in Schedule P-1 by \$0.0261 per Ccf (One Ccf is equal to one hundred cubic feet). The monthly bill for the average PD residential customer on a 5/8-inch meter using 1,300 cubic feet of water will increase approximately \$0.34 or 0.5%.

Service by PD is satisfactory. PD is currently earning a rate of return of 11.0% on a recorded basis, which is below its last authorized rate of return of 14.25%.

In accordance with Public Utilities Code Section 792.5, PWC shall book incremental revenue and incremental costs in a balancing account.

NOTICE AND PROTESTS

Notice of the proposed increase was published in the local Press Democrat Newspaper on May 24, 2002. No protest letters were received.

FINDINGS

The Commission finds, after investigation by the Water Division (Division), that the increase proposed by the Division is just and reasonable to recover the costs associated with increased purchased water costs.

THEREFORE IT IS ORDERED THAT:

1. Penngrove Water Company, Penngrove District, is authorized to make effective revised Schedule P-1, Metered Service, attached to Advice Letter No. 49, and to concurrently cancel the corresponding presently effective rate schedule. The effective date shall be five days after the date of this resolution.
2. In accordance with Public Utilities Code 792.5, the incremental costs and incremental revenues shall be booked in a balancing account.

3. This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on August 8, 2002; the following Commissioners voting favorably thereon:

WESLEY M. FRANKLIN
Executive Director